



Office of the City Manager

CONSENT CALENDAR
July 25, 2023

To: Honorable Mayor and Members of the City Council
From: Dee Williams-Ridley, City Manager
Submitted by: Liam Garland, Director, Department of Public Works
Subject: Contract No. 32100127 Amendment: Benefit Resource, Inc. for Third-Party Administrator of the Employee Commute Benefit Program

RECOMMENDATION

Adopt a Resolution authorizing the City Manager to execute a contract amendment with Benefit Resource, Inc., (BRI) to provide third-party administrator services for the City of Berkeley's Employee Commute Benefit Program for a new amount not to exceed \$50,000 with a total contract not to exceed of \$100,000 and extending the term through February 28, 2025.

FISCAL IMPACTS OF RECOMMENDATION

Funding for the Commute Benefit Program is budgeted annually in the Payroll Deduction Fund (Fund 013). Annual program administration costs of \$18,650 were incurred in FY 2023. This annual amount has increased since the original estimate of approximately \$14,000 per year when the original agreement was established. The increase is driven by the number of employees participating in the commute benefit program. In addition, the monthly rate charged by BRI per participant increased in April 2023 from \$3.00 to \$3.25 and was noticed in January per terms of the agreement with BRI. The recommended amount reflected in Amendment 2 reflects continued anticipated growth in the program usage by City employees as well as the April 2023 monthly rate increase applied over the remaining contract term.

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|---|-----------------|
| Agreement Amount (Contract 32100127)..... | \$28,974 |
| Amendment 1 (through February 2024)..... | \$21,026 |
| <u>Current Recommended Amendment 2 (through February 28, 2025).....</u> | <u>\$50,000</u> |
| New not to exceed Total | \$100,000 |

CURRENT SITUATION AND ITS EFFECTS

The City received five responses to a Request for Proposals for a Third-Party Administrator for Commute Benefits issued in September 2020 (Specification No. 20-11404-C). The City received strong applications in a very competitive process from many vendors experienced in the provision of third-party administration services for Transit Accounts. Proposals were reviewed by a staff committee drawn from

Department of Public Works Administration and Transportation Divisions; Human Resources Department; and Finance Department Payroll Audit Division. The panel evaluated the proposals, vendor qualifications, and submittal packages. BRI's scores and interview ultimately proved it the most responsive and responsible proposer. Thus, staff selected BRI for a professional services contract to help the City meet a pivotal business need, and provide a key service to our employees. City Council authorized the initial contract with BRI on December 15, 2020 (69,664-N.S.), executed on March 24, 2021, in the amount of \$28,974, with an initial contract term of April 1, 2021 through March 30, 2023.

On November 3, 2022, staff executed a first amendment to extend the term of the agreement with BRI through February 28, 2024 and increase the authorization to \$50,000, to continue the Commute Benefit service for City employees.

In January 2023, a notice was received from BRI stating that the per participant monthly rate for services would be increasing in April 2023. By June 2023, the amended \$50,000 not to exceed limit has been reached earlier than anticipated. This occurred before the amendment extension date of February 2024 because the amendment increase did not account for employee participation growth. Additionally, some pending invoices from BRI for commute benefit services were immediately applied to the new contract authorization limit, decreasing available funds through the rest of the contract term. A new amendment is needed to continue uninterrupted commuter benefit services for employees.

The attached resolution authorizes a new amendment to increase the contract in the amount of \$50,000 for a total contract not to exceed \$100,000 and extends the term through February 28, 2025. The authorized amount addresses the vendor's appropriately noticed increase in costs and current employee participations levels in the program and allows for some projected growth in employee participation over the new contract term.

The current proposed amendment with BRI to continue the Commute Benefits contract supports the City's Strategic Plan Priorities by encouraging employee use of mass transit, which advances the City's goals of becoming a global leader in addressing climate change and protecting the environment, and also supports our goal of attracting and retaining a talented and diverse City government workforce.

BACKGROUND

The City of Berkeley's Employee Commute Benefit Program has been extant since its establishment in 1993. It incentivizes eligible City of Berkeley employees' use of mass transit and bicycles to commute to work. This program is consistent with the City's General Plan: Transportation Element Policy T-10, which calls for increased transit use and alternative travel modes.

In October 2009, the Berkeley City Council adopted Ordinance No. 7,113-N.S.1, Tax Relief Action to Cut Commuter Carbon (TRACCC), which added BMC Chapter 9.88 mandating an employer-provided Commuter Benefit Program. This regulation requires employers in the City of Berkeley with a total of 10 or more employees in all their locations, including those outside of Berkeley, to offer commuter benefits to their employees.

Benefited employees may opt to deduct pre-tax dollars from each paycheck in any amount up to a monthly maximum of \$270, as allowed by the Internal Revenue Code Section 132(f). Employees may also receive a \$20 monthly post-tax bicycle benefit subsidy.

ENVIRONMENTAL SUSTAINABILITY AND CLIMATE IMPACTS

The Commute Benefit program encourages use of mass transit, shared ride vehicles, and bicycles for City employees commuting to and from work locations. It directly contributes to reductions in the use of single occupancy vehicles for work and recreational travel. This in turn, reduces carbon emissions, and especially greenhouse gasses, which is a goal of the Berkeley Climate Action Plan. Use of mass transit also reduces vehicle traffic, parking demand and congestion near City offices and work sites.

RATIONALE FOR RECOMMENDATION

Benefit Resource (BRI) provides administration of tax-free benefits programs including Commuter Benefit Plans. The company was founded in 1993, and is headquartered in Rochester, New York with additional offices and dedicated support throughout the country. Most importantly, BRI provides the City a dedicated Bay Area customer service team that includes an account manager, implementation specialist and dedicated client services specialist to provide employees with one-on-one client care through a dedicated, and robust customer support system.

BRI is well positioned to provide the City of Berkeley comprehensive specialized participant, and backroom operations support for enrollments, education and program design. The company also offers made-to-order marketing materials for more effective participant outreach, and customized reports on demand for more agile program management, participant enrollment and increased digital platform accessibility.

BRI has its own proprietary technology and can accommodate design changes and improvements as requested by clients. The company pioneered multi-purse Beniversal® Prepaid Mastercard® technology in 1999, and today offers compatibility with the following digital wallets: Apple Pay®, Google Pay®, Samsung Pay®. BRI offers City of Berkeley employees continued Commute Benefit program excellence, and a more user-friendly digital platform. Employees shall continue to have access to their accounts online, by telephone, and through a mobile application. Participants are able on demand to view account balances, transactions, and claims information; submit claims/receipts; update login info, contact information, direct deposit, card activation;

sign-up for real-time text or email alerts regarding account balance or activity; download forms, plan documents; enroll in the plan; or change their elections.

ALTERNATIVE ACTIONS CONSIDERED

The City Council may decline to authorize a contract amendment with BRI. This would require staff to modify and reissue an RFP for Third-Party Administrator of the Employee Commute Benefit Program and cause a gap in commuter benefit services for employees.

CONTACT PERSON

Sean O'Shea, Administrative & Fiscal Services Manager, Public Works Department,
(510-981-6306)

Attachments:

1: Resolution

RESOLUTION NO. ##,###-N.S.

CONTRACT NO. 32100127 AMENDMENT: BENEFIT RESOURCE, INC. FOR THIRD-PARTY ADMINISTRATOR OF THE EMPLOYEE COMMUTE BENEFIT PROGRAM

CONTRACT AMENDMENT: BENEFIT RESOURCE, INC. FOR THIRD-PARTY ADMINISTRATOR OF THE EMPLOYEE COMMUTE BENEFIT PROGRAM

WHEREAS, the City issued a Request for Proposals for a Third-Party Administrator for Commute Benefits issued in September 2020 (Specification No. 20-11404-C) to meet a pivotal business need, and provide a key service to our employees; and

WHEREAS, the City received five very competitive applications from vendors experienced in the provision of third-party administration services for Transit Accounts, and Benefit Resource, Inc.'s scores and interview proved it the most responsive and responsible proposer; and

WHEREAS, the City's Employee Commute Benefit Program has been extant since its establishment in 1993, incentivizing eligible City of Berkeley employees use of mass transit, and bicycles to commute to work; and

WHEREAS, reductions in the use of single occupancy vehicles for work and recreational travel reduces carbon emissions, and especially greenhouse gasses, which is a goal of the Berkeley Climate Action Plan; and

WHEREAS, by Resolution No. 69,664-N.S., the Berkeley City Council authorized the City and Contractor to enter into Contract Number 32100127, dated March 21, 2021, in the amount of \$28,974; and

WHEREAS, Contract No. 32100127 was amended by \$21,026, for a new not to exceed total of \$50,000 and a contract term of February 28, 2024; and

WHEREAS, annual program administration costs are based upon monthly fees of \$3.25 per pretax participant and these dollar amounts are not anticipated to increase for the period of August 1, 2023 through February 28, 2025; and

WHEREAS, staff recommends authorization of a new amendment to increase the contract in the amount of \$50,000 for a total contract not to exceed total of \$100,000 and extending the term through February 28, 2025; and

WHEREAS, sufficient funds for the Commute Benefit Program for are available in the Payroll Deduction Trust Fund for the period of August 1, 2023 through February 28, 2025; and

July 25, 2023

NOW THEREFORE, BE IT RESOLVED by the Council of the City of Berkeley that the City Manager is authorized to execute a contract and an amendment to Contract No. 32100127 with Benefit Resource, Inc. for provision of third-party administrator services for the City of Berkeley's Employee Commute Benefit Program increasing the contract in the amount of \$50,000 for an amount not to exceed \$100,000 and extending the contract through February 28, 2025.